

DOCKET FILE COPY ORIGINAL

RECEIVED

JUL - 6 1993

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of  
Treatment of Operator Services  
Under Price Cap Regulation

)  
)  
)  
)  
)

CC Docket No. 93-124

**COMMENTS OF AMERITECH**

Ameritech<sup>1</sup> submits these comments opposing the Commission's Notice of Proposed Rulemaking in this docket.<sup>2</sup> In the NPRM, the Commission proposes to establish a new category in the traffic sensitive basket which would include operator services offered by local exchange carriers.<sup>3</sup> Rates in this new category would be subject to a separate +/- five percent price band restriction.

Ameritech joins USTA in urging the Commission not to adopt its proposal. To do so would continue what appears to be a trend toward eliminating the minimal pricing flexibility granted the LECs in the original price cap order, thus threatening the achievement of one of the goals of the price cap order - i.e., economically efficient pricing.

As the Commission noted in the original LEC price cap order:

We find there are also economic benefits to be obtained from moving away from a system in which regulators dictate prices on the basis of fully distributed costing principles, toward a system of limited pricing flexibility. It is more desirable to permit LECs to

---

<sup>1</sup> Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company and Wisconsin Bell, Inc.

<sup>2</sup> In the Matter of Treatment of Operator Services Under Price Regulation, CC Docket No. 93-124, Notice of Proposed Rulemaking, FCC 93-203 (released May 26, 1993) ("NPRM").

<sup>3</sup> "Operator Services" in the interstate access context means operator transfer service and line status verification as explained by the Commission in note 1 of the NPRM.

No. of Copies rec'd  
List ABCDE

*219*

migrate their rates toward a set of prices that enhances efficiency. [P]ermitting flexibility in price setting generates economic efficiencies that benefit rate payers through lower rates. Since it is no longer required that every service cover its fully distributed cost of overheads, LECs also have the incentive to provide more services, to the benefit of rate payers.<sup>4</sup>

In that Order, the Commission declined requests to impose rate element banding:

To the extent parties seeking rate element banding seek to impose strict controls on changes in LEC access rates, that is a guarantee not currently available to them under rate of return regulation, since carriers are always free to submit new rates based on revised costs. Moreover, this result is inconsistent with one of the objectives of price caps - reducing administrative burdens.<sup>5</sup>

Yet, as USTA's comments demonstrate, the trend has been for the Commission to place virtually every new rate element in a separate rate banding category.

The Commission's proposed rule would follow that pattern, yet it is not clear why. The NPRM offers only the conclusory tentative determination:

that the creation of a separate category for operator services is necessary to ensure that price cap companies do not have unlimited ability to change prices for these services in relation to other traffic sensitive or interexchange rates.<sup>6</sup>

Of course, the same could be said about every single rate element in Ameritech's interstate tariff. And that is the point. There is nothing so unique about interstate operator services that justifies their being placed in a separate new category with its own price cap banding limits.

---

<sup>4</sup> In the Matter of Policy and Rules Concerning Rates For Dominant Carriers, CC Docket No. 87-313, Second Report and Order, FCC 90-314 (released October 4, 1990) ("LEC Price Cap Order") at ¶ 35.

<sup>5</sup> Id. at ¶ 222.

<sup>6</sup> NPRM at ¶ 1.

In light of the foregoing, Ameritech opposes the proposed creation of a new service category for LEC-provided operator services.

Respectfully Submitted,

*Michael S. Pabian* (RT)

---

Michael S. Pabian  
Senior Attorney for Ameritech

2000 W. Ameritech Center Drive  
4H76  
Hoffman Estates, IL 60196-1025  
(708) 248-6044

Date: July 6, 1993